

1974

Statement of position on savings and loan
subordinated debt, January 24, 1974; Savings and
loan subordinated debt, January 24, 1974 ;
Statement of position 74-2;

American Institute of Certified Public Accountants. Accounting Standards Division

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S A V I N G S A N D L O A N
S U B O R D I N A T E D
D E B T

January 24, 1974

Issued by
Accounting Standards Division

American Institute of
Certified Public Accountants

AICPA

NOTES

Statements of Position of the Accounting Standards Division are issued for the general information of those interested in the subject. They present the conclusions of at least a majority of the Accounting Standards Executive Committee, which is the senior technical body of the Institute authorized to speak for the Institute in the areas of financial accounting and reporting and cost accounting.

The objective of Statements of Position is to influence the development of accounting and reporting standards in directions the Division believes are in the public interest. It is intended that they should be considered, as deemed appropriate, by bodies having authority to issue pronouncements on the subject. However, Statements of Position do not establish standards enforceable under the Institute's Code of Professional Ethics.

SAVINGS AND LOAN SUBORDINATED DEBT

The AICPA Accounting Standards Division recommends that subordinated debt securities issued by savings and loan associations be classified as debt on the associations' balance sheets. Although these securities may be wholly or partially considered as "net worth" for regulatory purposes, the Division notes that they are debt instruments and that they require repayment. Accordingly, it views them as debt and not as part of capital for financial reporting purposes. Federal regulations precluded S & Ls from issuing such debt until recently.

January 24, 1974

Statement of Position No. 2, Savings and Loan Subordinated Debt, was adopted by the Accounting Standards Executive Committee upon the recommendation of the AICPA Federal Government Division Task Force on Savings and Loan Associations.

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January 24, 1974

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